

## Capital Improvements Program Fiscal Year 2008 Summary

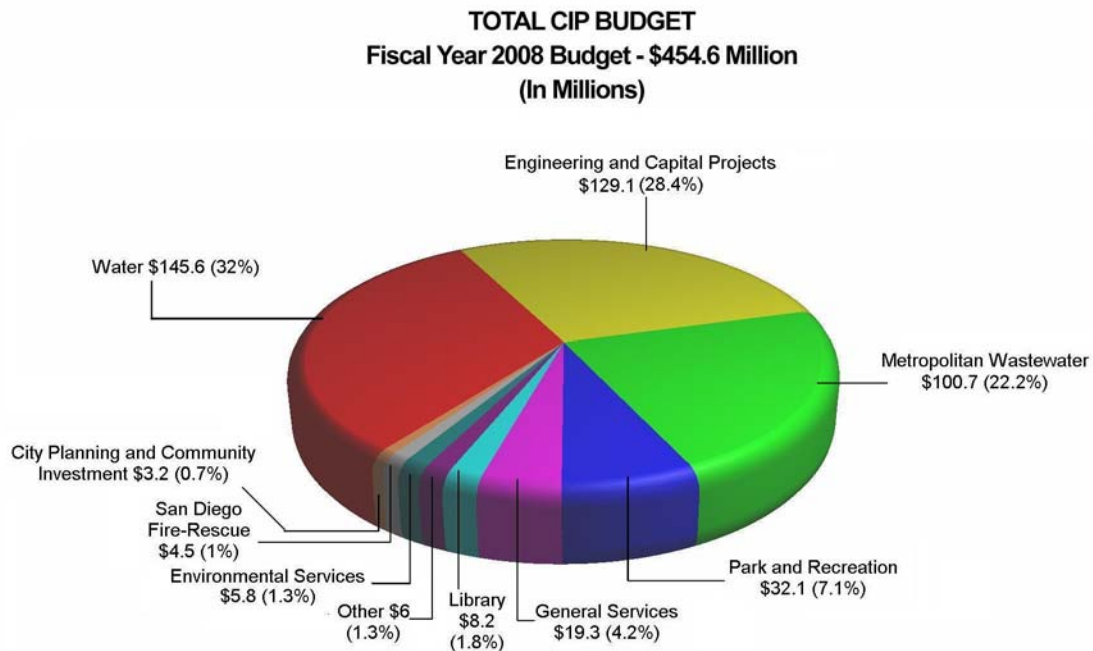
The Capital Improvements Program (CIP) budget supports construction projects, such as the development of park land, the construction of sewer pump plants, the acquisition of land for City use, the installation of traffic signals or street lighting systems, and the construction and remodeling of City facilities. These funds are derived from various sources, including sewer and water fees, a one half-cent local sales tax for transportation improvements (TransNet), development impact fees, and State and federal grants. The issuance of bonds is typically made for large and costly projects such as sewer treatment plants and pump stations.

The Fiscal Year 2008 Proposed CIP Budget totals \$454.6 million. This is an increase of \$160.9 million or 55 percent from the Annual Fiscal Year 2007 CIP Budget of \$293.7 million. The increase in the Fiscal Year 2008 Proposed CIP Budget is primarily due to an increase in water and sewer projects. On February 26, 2007, City Council approved the water and sewer rate increases: water rates will increase 6.5 percent in fiscal years 2008-2011; and sewer rates will increase 8.75 percent in May 2007, 8.75 percent in May 2008, 7 percent in May 2009, and 7 percent in May 2010. The revenues generated from these rate increases are projected to fund \$585.0 million worth of water and sewer projects over this time period.

A second large increase to the total capital budget is due to the addition of \$10.0 million of new funding budgeted in CIP projects to meet the requirements for the Americans with Disabilities Act (ADA). ADA improvement projects may include architectural barrier removal (i.e. curb cuts), facility retrofitting, and sidewalk improvements.

### Overview of the Fiscal Year 2008 Proposed CIP Budget

The following chart and table show the total Fiscal Year 2008 Proposed CIP Budget by department. The CIP Budget identifies \$4.3 billion in total projected CIP project costs through Fiscal Year 2018. In the Fiscal Year 2008 Proposed CIP Budget, water and sewer projects account for 54.2 percent of the budget while Library and Park and Recreation projects account for 8.9 percent of the total.



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The significant increases in the Fiscal Year 2008 Proposed CIP Budget are in the Metropolitan Wastewater and Water Departments for water and sewer projects. The CIP budget is lower in Fiscal Year 2008 for the Engineering Capital Projects Department since there is less grant funding of approximately \$26.1 million from Highways and Bridge Replacement and Congestion Mitigation and Air Quality grants. A reduction in Library Department projects is due to the City's inability to enter the public bond market as of April 2007.

Department	FY 2007	FY 2008 Proposed	Change between FY07 - FY08 Proposed
City Planning and Community Investment <sup>(1)</sup>	\$ 3,226,326	\$ 3,233,949	\$ 7,623
Development Services	\$ -	\$ 150,000	\$ 150,000
Engineering and Capital Projects	\$ 139,953,148	\$ 129,117,274	\$ (10,835,874)
Environmental Services	\$ 6,457,000	\$ 5,823,000	\$ (634,000)
General Services	\$ 1,950,000	\$ 19,320,774	\$ 17,370,774
Library	\$ 30,277,092	\$ 8,229,000	\$ (22,048,092)
Metropolitan Wastewater	\$ 39,520,884	\$ 100,678,956	\$ 61,158,072
Office of the Chief Information Officer	\$ 1,250,000	\$ 3,324,548	\$ 2,074,548
Park and Recreation	\$ 28,715,645	\$ 32,145,251	\$ 3,429,606
Planning	\$ -	\$ -	\$ -
Police	\$ -	\$ -	\$ -
QUALCOMM Stadium	\$ 750,000	\$ 750,000	\$ -
Real Estate Assets: Airports <sup>(2)</sup>	\$ 1,000,000	\$ 1,800,000	\$ 800,000
San Diego Fire-Rescue	\$ 9,519,291	\$ 4,472,548	\$ (5,046,743)
Water	\$ 31,052,107	\$ 145,575,252	\$ 114,523,145
<b>TOTAL</b>	<b>\$ 293,671,493</b>	<b>\$ 454,620,552</b>	<b>\$ 160,949,059</b>

<sup>(1)</sup> As a result of restructuring, the Fiscal Year 2007 CIP Budget for Community and Economic Development is now under the City Planning and Community Investments Department.

<sup>(2)</sup> The budget for the Airports Division of the Real Estate Assets Department was included as part of the General Services Department's CIP budget in Fiscal Year 2007.

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### **Highlights of the Fiscal Year 2008 Proposed CIP Budget by Department**

For additional information on budgeted capital projects, please refer to the individual department sections in Volume III of the Fiscal Year 2008 Proposed Budget.

#### **City Planning and Community Investments**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$3.2 million. Downtown parking projects account for \$1.5 million. Community Development Block Grants (CDBG) fund \$1.7 million for the removal of architectural barriers that bar access for the disabled, such as sidewalk curbs and certain doorways.

#### **Engineering and Capital Projects**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$129.1 million. This includes \$58.6 million from the Undergrounding Surcharge Fund. These funds are used in part for the utilities undergrounding of new projects, for underground conversion projects to augment the California Public Utilities Commission Rule 20A, and for projects that affect City-owned street lighting and resurfacing of roadways associated with the undergrounding of utilities.

Other significant allocations of the Department's CIP budget include:

- \$1.7 million for improvements to the Palm Avenue/Interstate 805 Interchange
- \$4.5 million for Carroll Canyon Road – Sorrento Valley Road to Scranton Road
- \$4.5 million for Division Street – Interstate 5 to 43rd Street

#### **Environmental Services**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$5.8 million. Overall, this budget has decreased \$634,000 from Fiscal Year 2007. The net decrease is related to a decrease of \$2.0 million in the West Miramar Phase II project due to the anticipated completion of the last module at the Miramar Landfill, an increase of \$916,000 in the Underground Hazardous Materials Storage Tanks project, and an increase of \$450,000 in the Citywide Energy Improvements project.

#### **General Services**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$19.3 million. This includes \$10.0 million for ADA improvements and \$5.3 million for City facilities improvements, such as roof replacements, air conditioning, and heating upgrades and replacements. The remaining budget is programmed for streets and drainage improvements.

#### **Library**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$8.2 million, all of which is designated for the Main Library.

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#### **Metropolitan Wastewater**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$100.7 million. The funding for sewer projects is provided by private financing and the sewer rate increase. The Department's CIP budget includes the execution of Federal Consent Decree projects. The major projects for Fiscal Year 2008 include:

- \$42.4 million for pipeline repair, replacement, and rehabilitation
- \$18.6 million for replacement of trunk sewers
- \$19.8 million for repair and upgrade of pump stations
- \$7.6 million for repair and upgrade of treatment plants

#### **Park and Recreation**

The Department's Fiscal Year 2008 Proposed CIP Budget is \$32.1 million. Park and recreation projects are funded by a variety of sources, including Facilities Benefit Assessment Fees, Park Development Fees, Development Impact Fees, State and federal grants, and City funds. Projects for Fiscal Year 2008 include: play area upgrades, joint use fields, roof reconstruction, accessibility improvements, comfort stations, picnic shelters, Balboa Park and Mission Bay Park improvements, sports field and security lighting, and new park development.

#### **Police**

The Department has no new CIP project funding for Fiscal Year 2008. The construction of the Northwestern Area Station was completed in Fiscal Year 2007. The facility includes a police command and a light vehicle maintenance facility and will serve the northwest area of the City in Carmel Valley and adjacent community plan areas.

#### **San Diego Fire-Rescue**

The Department's Fiscal Year 2008 CIP Budget is \$4.5 million. Projects funded in Fiscal Year 2008 include:

- \$4.0 million for Fire Station 47, which serves the Pacific Highlands Ranch community, funded by Facilities Benefit Assessments
- \$446,202 for a new fire station that will serve the Otay Mesa and Otay Mesa/Nestor communities funded by the Facilities Benefit Assessment

The Fire and Life Safety Services Facility Improvement Program, approved by Ordinance O-19054 and Resolution R-296359 in April 2002, is currently unfunded and is contingent upon the City's ability to enter the bond market. The remaining project costs are currently estimated at \$92.0 million, of which \$61.0 million is for fire projects and \$31.0 million is for lifeguard projects. For many of these projects, only planning and other preliminary activities have been performed to date. The total project cost for each fire and lifeguard facility will be revised and the schedule for design and construction will be established once the scope of work is approved and bonds are approved for issuance.

#### **Water**

The Department's Fiscal Year 2008 CIP Budget is \$145.6 million and reflects the primary focus on the continued funding of the upgrade and expansion of the water system. The Department's CIP budget ensures a reliable water supply and includes projects contained in the Compliance Order from the California Department of Health Services. These projects will

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meet the requirements of the federal Safe Drinking Act and ensure the needed rehabilitation of aging infrastructure. The following are major projects for Fiscal Year 2008:

- \$31.2 million for water main replacements
- \$13.2 million for Alvarado Water Treatment Plant Expansion
- \$44.6 million for Miramar Water Treatment Plant
- \$3.9 million for security upgrades
- \$5.8 million for Rancho Peñasquitos Pump Station
- \$19.2 million for Otay Water Treatment Plant

### **Future Outlook for the City's CIP**

The Fiscal Year 2008 Proposed Budget increased by \$160.9 million or 55 percent over Fiscal Year 2007. In addition, the Mayor is committed to funding ADA improvements for City facilities and other infrastructure increasing the budget \$10 million over Fiscal Year 2007. An effort is currently under way to prioritize all CIP projects in order to use available funding to address the capital needs of communities within the City.

